

Message Text

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EXDIS

C O R R E C T E D C O P Y - T E X T P A R A 3 .

FROM FRANK

FODAG

FOR SEITZ IN LONDON--PLEASE PASS TO JOHN GRAHAM OF FCO AND MARTIN
LYNCH OF ODM

E.O. 11652: GDS
TAGS: OCON, RH
SUBJECT: CONSULTATIVE GROUP DISCUSSIONS JULY 8-9 IN SALISBURY
ON PENSIONS, PROPERTY AND THE ZIMBABWE DEVELOPMENT FUND

1. THE PENSION AND PROPERTY ISSUES AND ZIMBABWE DEVZTOPMENT
FUND PLAYED A SUBSTANTIAL ROLE IN THE DISCUSSIONS OF THE CON-
SULTATIVE GROUP ON JULY 8-9 IN SALISBURY. IN THE INITIAL SESSION
ON THE MORNING OF JULY 8 WITH GAYLORD ET AL, JOHN GRAHAM OF THE
UK GAVE A SYNOPSIS OF THEIR CURRENT THINKING ON A US-UK SETTLE-
MENT PROPOSAL. THE ZIMBABWE DEVELOPMENT FUND WAS CHARACTERIZED
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AS AN ESSENTIAL ELEMENT OF THE SETTELMENT PACKAGE. GRAHAM IN-
DICATED THAT PENSIONS AND PROTECTION AGAINST EXPORPRIATION WITH-
OUT COMPENSATION WOULD BE PART OF THE GUARANTEES WRITTEN
INTO BOTH THE CARETAKER AND INDEPENDENT GOVERNEMENTCONSTITU-
TIONS . THESE GUARANTEES WOULD BE OFFERED BY THE FUTURE GOVERN-
MENT OF ZIMBABWE AND NOT EXTERNAL AID DONORS. THE GUARANTEES
IN THE CONSTITUTION COULD BE PROTECTED, NOT BY A BLOCKING

THIRD IN A FUTURE PARLIAMENT, BUT BY CONSTITUTIONAL AMENDMENT PROCEDURES WHICH WOULD BE PARTICULARLY DIFFICULT, E.G., AMENDMENT MIGHT REQUIRE TWO-THIRDS VOTE OF PARLIAMENT IN TWO SUCCESSIVE PARLIAMENTS WITH A TWO-THIRDS VOTER REFERENDUM IN BETWEEN.

2. THE ZIMBABWE DEVELOPMENT FUND COULD BE USED TO "UNDERPIN" (GRAHAM REJECTED THE WORDS "UNDERWRITE" OR "GURANTEE" AS TOO STRONG) THESE CONSTITUTIONAL ASSURANCES IN TWO WAYS. FIRST, THE FUND COULD PROVIDE THE FOREIGN EXCHANGE THROUGH PROGRAM LOANS THAT COULD HELP INDIRECTLY TO FREE FOREIGN EXCHANGE FOR REMITTANCES OF PENSION PAYMENTS AND LIQUID ASSETS OBTAINED FROM THE SALE OF PROPERTY. SECOND, THE FUND DONORS COULD "RECONSIDER" THEIR CONTRIBUTIONS IF THE ZIMBABWE GOVERNMENT WERE NOT MEETING ITS LEGAL AND CONSTITUTIONAL OBLIGATIONS. IN EFFECT THIS MEANT THAT THE EXECUTIVE DIRECTORS OF THE FUND WOULD TAKE ACCOUNT OF THE DEVELOPMENT CLIMATE IN ZIMBABWE IN SETTING POLICIES FOR THE FUND, INCLUDING LEVELS OF ASSISTANCE. THAT CLIMATE WOULD DEPEND CRITICALLY ON WHETHER POLICIES WERE BEING FOLLOWED BY GOVERNMENT TO ENCOURAGE SKILLED WHITES TO STAY, INCLUDING WHETHER THE GOVERNMENT WAS MEETING ITS OBLIGATIONS SUCH AS PENSIONS TO EMPLOYEES. THE BOARD OF DIRECTORS WOULD INVOLVE A VERY LARGE VOICE AND VOTE FOR THE U.S. AND U.K. GOVERNMENTS WHO WOULD BE LIKELY TO REGARD A VIOLATION OF CONTRACTUAL OBLIGATIONS BY GOVERNMENT AS A SERIOUS OBSTACLE TO DEVELOPMENT. IT WAS ALSO POINTED OUT IN SUBSEQUENT DISCUSSIONS THAT CONGRESSIONAL APPROPRIATIONS TO THE FUND WOULD PROBABLY

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BE MADE ON A YEARLY BASIS AND IF THERE WERE SHOLESale DISHONORING OF CONSTITUTIONAL AND CONTRACTUAL OBLIGATIONS BY THE FUTURE ZAMBABWE GOVERNMENT, THE CONGRESS WOULD PROBABLY BE DISINCLINED TO MAKE THOSE APPROPRIATIONS. THE POTENTIAL LOSS OF ZIMBABWE DEVELOPMENT FUND ASSISTANCE, THEN, WOULD PROVIDE AN INCENTIVE FOR THE FUTURE GOVERNMENT TO HONOR ITS OBLIGATIONS.

3. IN THE AFTERNOON OF JULY 8, DEPUTY ASSISTANT SECRETARY FRANK OF U.S. AND JAMES WINGATE OF THE U.K. MINISTRY OF OVERSEAS DEVELOPMENT VISITED THE TRIBAL INDUSTRIAL AND LAND DEVELOPMENT CORPORATION (TILCOR) AND THE WHITSUN FOUNDATION. THE FOLLOWING MORNING THEY HAD BREAKFAST WITH BOB HACK, THE PRESIDENT OF THE AGRICULTURAL DEVELOPMENT AUTHORITY. TILCOR IS A GOVERNMENT-OWNED BUT INDEPENDENT AND NON-CIVIL SERVICE CORPORATION THAT HAS BEEN PLANNING AND INVESTING IN DEVELOPMENT PROJECTS IN THE TRIBAL TRUST LANDS. THE ADA IS A SIMILAR KIND OF ORGANIZATION DESIGNED TO PLAN AND INVEST IN PROJECTS IN THE SHITE FARMING AREAS. THE WHITSUN FOUNDATION, A PRIVATE FOUNDATION RUN BY IAN HUMES A FORMER WORLD BANK OFFICIAL AND WHITE RHODESIAN, WAS ESTABLISHED TO ASSEMBLE IDEAS FOR FOREIGN AID PROJECTS WITH THE PROSPECT IN MIND THAT A FUTURE INDEPENDENT GOVERNMENT OF ZIMBABWE MIGHT HAVE AVAILABLE TO IT SUBSTANTIAL FOREIGN ASSISTANCE FUNDS WICH

IT COULD USE EFFECTIVELY IF THE RIGHT KIND OF PLANNING WERE UNDERTAKEN IN ADVANCE. THE PURPOSE OF OUR VISITS WITH OFFICIALS OF THESE ORGANIZATIONS WAS TO DEVELOP SOME IDEAS ABOUT APPROPRIATE DEVELOPMENT PRIORITIES AND PROJECTS FOR ASSISTANCE BY A ZAMBABWE DEVELOPMENT FUND.

4. THESE VISITS PRODUCED A NUMBER OF RATHER STRONG IMPRESSIONS. FIRST, IT IS OBVIOUS THAT A CONSIDERABLE AMOUNT OF WORK HAS BEEN DONE ON PLANNING, IN A GREAT AMOUNT OF DETAIL, ON POSSIBLE DEVELOPMENT PROJECTS, POTENTIALLY SUPPORTABLE BY A ZIMBABWE DEVELOPMENT FUND. THERE IS ALSO A VERY GOOD DATA BASE FROM WHICH TO WORK. THE REASON THAT SO MANY DEVELOPMENT PROJECTS ARE ON THE BOOKS IS THAT PUBLIC WORKS AND DEVELOPMENT AGENCIES HAVE BEEN STARVED FOR FUNDS IN RECENT YEARS BECAUSE OF

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THE ECONOMIC RECESSION THAT HAS DEEPENED SINCE 1975 AND THE GROWING EXPENDITURES ON SECURITY. THE ADA, TILCOR, AND AUTHORITIES RESPONSIBLE FOR POWER, TRANSPORT, AND COMMUNICATION HAVE TURNED THEIR ENERGIES TO PLANNING NEW PROJECTS BECAUSE THEY HAVE HAD SO FEW FUNDS TO IMPLEMENT PROJECTS. SOME OF THESE PROJECTS WILL OBVIOUSLY BE UNACCEPTABLE TO AN INDEPENDENT ZIMBABWE GOVERNMENT. OTHERS MAY HAVE TO BE REORIENTED AND REDESIGNED TO BE ACCEPTABLE. AND THE NEW GOVERNMENT WILL PROBABLY WANT TO ESTABLISH SOME SORT OF SCREENING PROCESS TO DETERMINE PRIORITY PROJECTS. NEVERTHELESS, THE TECHNICAL PLANNING WORK THAT HAS BEEN DONE COULD BE EXTREMELY USEFUL TO THE NEXT GOVERNMENT.

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5. SECOND, WHILE THERE IS SIGNIFICANT POPULATION PRESSURE ON THE AFRICAN TRIBAL LANDS, AND A SOLUTION TO THE LAND WILL BE DIFFICULT, IT MAY NOT BE SO DIFFICULT AS ONE MIGHT EXPECT. IT HAS GENERALLY BEEN ASSUMED THAT A RESTRUCTURING OF THE AGRICULTURAL SECTOR IN RHODESIA TO ACHIEVE GREATER OPPORTUNITY FOR BLACK AFRICANS WOULD BE MORE DIFFICULT THAN IN KENYA. RHODESIA HAS ABOUT 5,000 WHITE FARMERS WHILE KENYA HAD ONLY 1,000 AT THE TIME OF INDEPENDENCE. BUT RHODESIA HAS FEWER BLACK AFRICANS AT THE TIME OF INDEPENDENCE--6 MILLION AS OPPOSED TO 9 MILLION IN KENYA. OF THE MALE WORK FORCE IN RHODESIA, ABOUT 60 PER CENT OR MORE, ROUGHLY ONE MILLION, ARE WAGE EARNERS COMPARED TO ABOUT 15 PER CENT IN KENYA. THUS THE POTENTIAL NEED FOR SETTLER BLACK AFRICANS ON THE LAND IS MUCH LESS. SOME OF THE WAYS SUGGESTED FOR ALLEVIATING THE LAND PROBLEM INCLUDE THE FOLLOWING:

--IMPLEMENT SOME OF THE LARGE-SCALE IRRIGATION PROJECTS THAT HAVE BEEN PLANNED IN DETAIL BY TILCOR AND ADA. THE SABELIKPOPO IRRIGATED COTTON, WHEAT, AND SUGAR CANE PROJECT IN SOUTHEASTERN RHODESIA APPARENTLY PROVIDES EMPLOYMENT FOR 200-300 THOUSAND AFRICANS AND A RECENT TILCOR IRRIGATION PROJECT APPARENTLY EMPLOYES 70,000 AFRICANS FULL-TIME AND 300,000 ON A CONFIDENTIAL

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SEASONAL BASIS. FUTURE PROJECTS CAN PROVIDE EITHER EMPLOYMENT ON IRRIGATED ESTATE FARMS OR FARMING OPPORTUNITIES FOR AFRICANS ON SMALL-HOLDER PLOTS AND MEDIUM-SIZED IRRIGATED FARMS. THESE SCHEMES ALSO TEND TO PROVIDE ASSOCIATED EMPLOYMENT OPPORTUNITIES IN SERVICES AND PROCESSING INDUSTRIES.

--RESETTLE SOME OF THE UNDERUTILIZED, DRYLAND FARMING AREAS FORMERLY RESERVED FOR WHITES. ONLY A FRACTION OF THE ARABLE LAND ON EUROPEAN FARMS IS NOW BEING EXPLOITED. THESE SCHEMES MIGHT BE PATTERNED ALONG SOME OF THE MORE SUCCESSFUL KENYA SCHEMES. LAND COULD BE PURCHASED BY A DEVELOPMENT AUTHORITY AND REDEVELOPED TO ACCOMMODATE SMALL-SCALE FARMERS. APPROPRIATE INFRASTRUCTURE, AGRICULTURAL EXTENSION, FACILITIES FOR PROVISION OF INPUTS AND MARKETING FACILITIES, AND CREDIT FACILITIES WOULD BE PROVIDED FOR THE SMALLHOLDERS.

--REGULARIZE THE POSITION OF SOME OF THE SQUATTERS ON ABANDONED EUROPEAN FARMS (THIS KIND OF SQUATTING COULD BE EXPECTED TO INCREASE JUST BEFORE AND AFTER INDEPENDENCE). PROVIDE THE SQUATTERS WITH FACILITIES SIMILAR TO THOSE PROVIDED IN MORE FORMAL SETTLEMENT SCHEMES.

--PROVIDE CREDIT FOR AFRICANS WILLING AND ABLE TO PURCHASE SOME OF THE EUROPEAN LARGE-SCALE FARMS.

--DEVELOP INFRASTRUCTURE FOR GROWTH CENTERS IN THE TRIBAL LAND AREAS. THESE REGIONS ARE STARVED OF INFRASTRUCTURE ROADS, ELECTRICITY, COMMUNICATIONS FACILITIES. PROVISION OF INFRASTRUCTURE TO HELP ESTABLISH OR EXPAND TOWNS IN THE TRIBAL AREAS AND FEEDER ROADS TO THESE TOWNS WOULD VERY LIKELY PROVIDE EMPLOYMENT OPPORTUNITIES RELATED TO MARKETING, PROCESSING, AND OTHER SERVICES AND MAKE THE TRIBAL LANDS MORE ECONOMICALLY ATTRACTIVE FRAMING AREAS.
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--BUILD AND PROVIDE FOR FREEHOLD TITLE TO NEW URBAN HOUSING FOR AFRICANS AND MAKE AVAILABLE TO URBAN AFRICANS A BROADER RANGE OF SOCIAL SECURITY, INCLUDING HELTH AND PENSION BENEFITS. CURRENTLY THERE ARE VERY FEW DEPENDENTS LIVING WITH URBAN MALE WAGE EARNERS. DEPENDENTS STAY AND FARM THE TRIBAL LANDS IN LARGE MEASURE TO PROVIDE A FORM OF SOCIAL SECURITY--A PIECE OF LAND TO WHICH TO RETURN IN OLD AGE. WHITSUN FOUNDATION EXPERTS ESTIMATE AS MANY AS ONE MILLION DEPENDENTS (OF A TOTAL POPULATION OF 3.75 MILLION IN THE TRIBAL AREAS) WOULD JOIN THE URBAN WAGE EARNER IF BETTER SOCIAL SERVICES AND HOUSING WERE PROVIDED FOR URBAN WORKERS.

6. THIRD, THERE SEEMS TO BE GENERAL AGREEMENT ON THE DESIRABLE MAJOR PRIORITIES FOR A DEVELOPMENT ASSISTANCE PROGRAM. RURAL AND AGRICULTURAL DEVELOPMENT SEEMS TO BE THE TOP PRIORITY CANDIDATE FOR ASSISTANCE. TRAINING AND EDUCATION FOR AFRICANS WILL ALSO REQUIRE CONSIDERABLE ASSISTANCE. THERE ARE SERIOUS INFRASTRUCTURE PROBLEMS THAT CAN BE HELPED THROUGH FOREIGN ASSISTANCE. THE INFRASTRUCTURE IN THE AFRICAN TRIBAL AREAS HAS BEEN VIRTUALLY NEGLECTED. EXPANSION OF ROADS, ELECTRICITY, WATER SUPPLIES, EYC. COULD HELP GREATLY TO IMPROVE THE LOT OF THOSE LIVING IN THE TRIBAL AREAS. HOUSING FOR AFRICANS IN URBAN AREAS WOULD ALSO BE IMPORTANT, PARTLY FOR THE REASONS MENTIONED ABOVE. AND THE INFRASTRUCTURE IN THE COMMERCIAL FARMING AREAS IS STRETCHED VERY THIN. IN THE LAST SEVERAL YEARS THERE HAS BEEN LITTLE EXPANSION IN AIL, ROAD, AND ELECTRICITY CAPABITY, INDEED CAPACITY MAY HAVE DETERIORATED TO SOME EXTENT. CONGESTED RAIL LINES CAN BE ELECTRIFIED TO INCREASE CAPACITY AS AN ALTERNATIVE TO LAYING DOUBLE TRACK. NEARLY ALL OBSERVERS POINTED TO THE VERY RAPID RATE OF POPULATION INCREASE AMONG AFRICANS, 3.6 PER CENT PER ANNUM, AND INDICATED THE NEED FOR FAMILY PLANNING SERVICES. PROGRAM LENDING WOULD ALSO BE EXTREMELY USEFUL TO PROVIDE FOREIGN EXCHANGE AVAILABILITY DURING THE CRUCIAL INITIAL PHASE OF INDEPENDENCE WHEN NEW INVESTMENT PROJECTS WILL REQUIRE LARGE IMPORTS

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AND REPATRIATION OF ASSETS BY THOSE WHITES LEAVING WILL PLACE DEMANDS ON FOREIGN EXCHANGE.

7. FOURTH, WE WERE LEFT WITH THE IMPRESSION THAT THE FUTURE ECONOMY OF ZIMBABWE HAD ENORMOUS ECONOMIC POTENTIAL IF THE TRANSITION TO MAJORITY RULE COULD BE RELATIVELY SMOOTH AND AN INJECTION OF FOREIGN RESOURCES WRE AVAIABLE. THE ECONOMY GREW RAPIDLY FOR MANY YEARS DESPITE SANCTIONS. IN 1975, HOW- EVER, THE GROSS DOMESTIC PRODUCT FELL 1.3PER CENT, IN 1976 BY 3.4 PER CENT, AND IN 1977 IT IS EXPECTED TO FALL BY MORE THAN 6 PER CENT. THE INCREASE IN DEFENSE EXPENDITURES, THE TIGHTENING OF SANCTIONS, VERY LOW MINERALS PRICES, AND THE LOSS OF MANPOWER TO THE SECURITY FORCES AND EMIGRATION HAVE ALL BEEN FACTORS IN THIS DECLINE. IF SANCTIONS WERE REMOVED, AGRICULTURE OUTPUT, NOW UNDER RATHER STRICT PRODUCTION CONTROLS, COULD JUMP MARKEDLY. THE END OF THE WAR WOULD FREE MANPOWER AND FUNDS FOR NEW INVESTMENT PURPOSES: PROJECTS WELL ADVANCE IN PLANNING COULD COME OFF THE SHELVES. THE RESOURCE POTENTIAL OF THE COUNTRY IS ENORMOUS: THE GREAT AGRICULTURAL AND MINERAL POTENTIAL CULD BE REALIZED BY AN EXPANDED INFRASTRUCTURE AND INJECTIONS OF FOREIGN PRIVATE AND PUBLIC CAPITAL. THE SKILLS, TRAING, AND EXPERIENCE OF BOTH BLACK AND WHITE POPULATIONS IS UNMATCHED BY ANY OTHER AFRICAN COUNTRY AT THE TIME OF INDEPEN- DENCE. THERE ARE 12,000 BLACK UNIVERSITY GRADUATES AND 5,00 STILL IN UNIVERSITY. THERE ARE 840,000 BLACK CHILDREN IN PRIMARY SCHOOL, PROBABLY 60 OR 70 PER CENT OF THE SCHOOL-AGE POPULATION.

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8. FINALLY, TIME SEEMS TO BE RUNNING SHORT. SOME OF THE EDUCATED AND TECHNICALLY TRAINED WHITES TO WHOM WE SPOKE, ESPECIALLY THE YOUNG, WERE AT THE POINT OF DESPAIR, WILLING TO STAY THROUGH A RELATIVELY SMOOTH TRANSITION TO MAJORITY RULE BUT UNWILLING TO STAY AROUND WITHOUT ANY HOPE FOR A NEGOTIATED SETTLEMENT AND SUBJECT TO CALL-UP INTO THE SECURITY FORCES. THE WHITES WILLING TO STAY SEEM TO BE

WITHOUT OPPORTUNITY ABROAD, THOSE WHO ARE HIGHLY TRAINED OR EDUCATED. THESE WHITES NEITHER WANT TO STICK IT OUT TO THE END AND FIGHT FOR THE EAZANITY THEY HAVE IN RHODESIA BUT CAN'T EXPECT TO GAIN ELSEWHERE. IF THE SKILLED WHITES STAY, THE ABSORPTIVE CAPACITY FOR FOREIGN ASSISTANCE COULD BE QUITE LARGE, AROUND \$200 MILLION PER YEAR ACCORDING TO THE EXPERTS AT THE WHITSUN FOUNDATION (SOME OF THE BIG IRRIGATION PROJECTS MIGHT COST IN THE ORDER OF \$100 MILLION) IF THE WHITES LEAVE WHOLESALY, THE ABSORPTIVE CAPACITY WILL BE FAR LESS.

9. ON THE MORNING OF JULY 9, THE FORMAL MEETING IN THE CABINET ROOM WITH GAYLORD ET AL FOCUSED ON TWO SUBJECTS: PENSIONS AND THE ZIMBABWE DEVELOPMENT FUND. STAN HARDWICK PUT FORWARD THE PROPOSALS OF THE CIVIL SERVICE REGARDING PENSIONS. HARDWICK SAID THAT CIVIL SERVANTS SHOULD BE ENCOURAGED TO STAY UNTIL
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INDEPENDENCE DAY AND FOR THREE YEARS THEREAFTER. HE SAID THAT ALL CIVIL SERVANTS SHOULD BE GIVEN THE OPPORTUNITY TO LEAVE ON THE DAY OF INDEPENDENCE AND COLLECT FULL PENSION RIGHTS REGARDLESS OF AGE. IF THE SERVANT STAYED ONE YEAR BEYOND THE DAY OF INDEPENDENCE, HE COULD COLLECT FULL PENSION PLUS 1/9; TWO YEARS, FULL PENSION PLUS 2/9; AND THREE YEARS, FULL PENSION PLUS ONE-THIRD. AFTER THREE YEARS EACH CIVIL SERVANT WOULD BE FREE TO MAKE WHATEVER PENSION ARRANGEMENTS HE COULD NEGOTIATE WITH THE NEW GOVERNMENT. ALL PENSIONS CLAIMED TO DATE, INCLUDING THOSE UNDER THE CENTRAL AFRICAN PENSIONS FUND (ESTABLISHED AT THE TIME OF THE BREAKUP OF THE CENTRAL AFRICAN FEDERATION IN 1963), AND ALL PENSIONS CLAIMED THE FIRST THREE YEARS AFTER INDEPENDENCE WOULD BE GUARANTEED INDEFINITELY BY THE BRITISH GOVERNMENT. THEY WOULD BE GUARANTEED AGAINST EXCHANGE DEVALUATION, INFLATION, AND HARSH, DISCRIMINATORY TAXATION AND PAYABLE OUTSIDE OF RHODESIA, (HARSH, DISCRIMINATORY TAXATION WAS LATER DEFINED TO MEAN TAXATION BASED ON RACE OR TAXATION WHICH GAVE HARSHER TREATMENT TO PENSIONS OR REPATRIATED PENSIONS THAN TO OTHER FORMS OF INCOME).

10. JOHN GRAHAM SAID THAT THEY SEEMED TO BE "SHOOTING FOR THE

MOON" AND MADE IT CLEAR THAT THEY WERE UNLIKELY TO GET ANYTHING CLOSE TO WHAT THEY WERE ASKING. IT WAS POINTED OUT THAT THE TERMS THEY WISHED WERE FAR BETTER THAN THOSE UNDER THE PRESENT REGIME AND THOSE OF ANY CIVIL SERVICE IN THE WORLD. THEY COULD NOT EXPECT THE U.K. TO JUSTIFY TO ITS ELECTORATE AND THE WORLD SUCH KIND OF TREATMENT, ESPECIALLY WHENEVER THESE SERVANTS HAD WORKED FOR AN ILLEGAL REGIME FOR 12 YEARS.

11. THE RHODESIANS SAID THAT THESE TERMS WERE NECESSARY IF THE WHITE CIVIL SERVANTS WERE EXPECTED TO STAY. THEY HAD TO BE COMPENSATED FOR THE LOSS OF CAREER OPPORTUNITY AFTER INDEPENDENCE.

12. THE CONSULTATIVE GROUP POINTED OUT THAT THE TERMS SUGGESTED
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BY THE RHODESIANS WOULD NOT ENCOURAGE WHITES TO STAY, INDEED WOULD ENCOURAGE THEM TO LEAVE ON INDEPENDENCE DAY. ANY SERVANT COULD PICK UP A FULL PENSION, REGARDLESS OF AGE, ON INDEPENDENCE DAY. UNDER CURRENT TERMS OF SERVICE, A CIVIL SERVANT HAS TO BE 55 YEARS OF AGE BEFORE HE CAN RECEIVE HIS FULL PENSION. THE US-UK PROPOSALS WOULD CONTINUE CURRENT TERMS AFTER INDEPENDENCE WITH THE EXPECTATION THAT IF A CIVIL SERVANT WERE AFRICANIZED, HE WOULD RECEIVE FULL PENSION PLUS ONE-THIRD, SAME AS CURRENT REGULATIONS THAT SAY THAT IF A MAN IS FORCED OUT OF HIS JOB, HE RECEIVES FULL PENSION PLUS ONE-THIRD. THIS SHOULD PROVIDE REASONABLE INCENTIVE TO STAY.

13. AFTER THE DISCUSSIONS ON PENSIONS ENDED IN STALEMATE WITH NEITHER SIDE GIVING AN INCH, FRANK OF U.S. GAVE AN EXPOSITION ON THE ZIMBABWE DEVELOPMENT FUND, EXPLAINING ITS PURPOSE AND PRIORITIES AS A DEVELOPMENT ASSISTANCE FUND, THE MANNER IN WHICH THE FUND COULD UNDERPIN ASSURANCES ON PROPERTY AND PENSION RIGHTS IN THE CONSTITUTION AND THE REACTIONS THUS FAR OF THE 18 POTENTIAL DONORS THAT HAD BEEN APPROACHED. THE DISCUSSION FOCUSED ON THE DEVELOPMENT PRIORITIES THAT THE FUND MIGHT SUPPORT AND THE WAYS IN WHICH THE PROBLEM OF WHITE AGRICULTURAL MIGHT BE APPROACHED.

14. FRANK SUGGESTED THAT THERE WERE POSSIBLE WAYS THAT WHITE FARMERS COULD BENEFIT FROM THE ACTIVITIES OF THE FUND AND OTHER ARRANGEMENTS IN THE SETTLEMENT PROPOSALS. FIRST, THE FUND MIGHT SUPPORT SOME LAND RESETTLEMENT PROJECTS IN WHICH A DEVELOPMENT AUTHORITY WOULD PURCHASE LAND AND REDEVELOP IT AND PROVIDE INFRASTRUCTURE SUITABLE TO AFRICAN SMALLHOLDER AGRICULTURE. FARMERS WHOSE LANDS WERE PURCHASED FOR SUCH SCHEMES WOULD BE COMPENSATED PROBABLY MORE FOR IMPROVEMENTS RATHER THAN THE LAND ITSELF. IT WAS POINTED OUT THAT THE IMPROVEMENTS WERE PROBABLY THE GREATER PART OF THE VALUE OF RHODESIAN FARM LAND ANYWAY.

15. SECOND, THE FUND MIGHT SUPPORT CREDIT SCHEMES TO ENABLE
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BLACKS TO PURCHASE LAND FROM WHITE RHODESIANS FOR MIXED FARM-
ING OR RANCHING IF THIS WERE FEASIBLE.

16. THIRD, WHOSE FARMERS NOT AFFECTED BY LAND RESETTLEMENT
SCHEMES OR WHOSE FARMS WERE NOT PURCHASED BY BLACKS WOULD
BE ENCOURAGED TO STAY. THE FUTURE ZIMBABWE GOVERNMENT
MIGHT FEEL THE NEED TO NATIONALIZE THEIR LAND, BUT THEY COULD
ENCOURAGE WHITES TO STAY AND OFFER IMPLICIT COMPENSATION BY
GIVING CURRENT LAND OCCUPANTS LONG-TERM LOW-RENT LEASES OR
FAVORABLE MANAGEMENT CONTRACTS. THIS WAS THE TECHNIQUE USED
IN ZAMBIA SO THE PRECEDENT IS THERE. HOLDERS OF LEASES OR
MANAGEMENT CONTRACTS MIGHT BE ALLOWED TO REPATRIATE THEIR
PROFITS AND THE FUND COULD HELP UNDERPIN THE FOREIGN-EXCHANGE
COST OF THIS REPATRIATION.

17. THE DISCUSSION ENDED WITH A NUMBER OF QUESTIONS AND CLAR-
IFICATIONS REQUESTED BY THE RHODESIAN SIDE. GARDNER

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